

LAWRENCE LIFSCHLUTZ

13 October 2016

Honorable Robert D. Drain
United States Bankruptcy Judge
SDNY, 300 Quarropas Street
White Plains, New York

Dear Hon. Judge Robert Drain,

1. In the matter of Lifschultz Estate Management LLC, (Case No. 16- 23144)

***1. Conflict of Interest in Application to Employ and Retain DelBello
Donnellan Weingarten Wise and Wiederkehr, LLP as Attorneys for Debtor.
(Lifschultz Estate Management LLC, Case No. 16 – 23144 (RDD))***

***2. Adverse Interest Issue in Relation to Bruce Abbott's "Affidavit Relating
to Third-Party Retainer" by Lifschultz Enterprises***

I.

I wish to bring your attention two very important matters. One reflects the failure of the Debtor's attorney, Delbello Donnellan Weingarten Wise and Wiederkehr (DDW) LLP to disclose a critical conflict of interest issue related to their "Application to Employ and Retain DDW as Attorneys for the Debtor".

I also would like to bring to your attention a false statement made by Bruce Abbott in his "Affidavit Relating to Payment of a Third-Party Retainer" (i.e. payment by Lifschultz Enterprises Co. LLC of DDW's retainer.)

II.

In the first matter concerning "conflict of interest issues" related to DelBello Donnellan being employed to represent the Debtor in these proceeding, it is important to draw your attention to DDW's and Mr. Jonathan Pasternak's failure to disclose that retired Judge Anthony Scarpino is a Partner of DDW and for the past year has headed the firm's Trust & Estate practice.

Until January 2015, Judge Scarpino presided over the Westchester Surrogate's Court where he oversaw proceedings related to the Estate of Sidney B. Lifschultz, my father, and the grandfather of Mr. Bruce Abbott. These proceedings (File: No. 2002-2920) remain active and motions are under consideration in the Estate case.

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During his tenure at the Surrogate's Court, Judge Scarpino had private conversations on several occasions with Bruce Abbott, my nephew, who is the Managing Member of the Debtor.

Judge Scarpino also had private conversations with David Lifschultz, my brother, the Executor of the Estate of Sidney Lifschultz, who purportedly transferred ownership of the property at 220 Hommocks Road, Larchmont, NY in August 2016 to an entity known as Lifschultz Estate Management LLC. Indeed, Judge Scarpino also had conversations with me during his time as the Surrogate Judge.

Judge Scarpino has unique knowledge of details related to the Estate of my father, Sidney Lifschultz, where it is beyond dispute that the single asset of the Debtor was the principal asset of the Estate of my father. This asset was valued by Sotheby's International in a Broker's Price Opinion at \$17 million dollars. A prospective buyer was prepared to offer \$18.5 to \$19 million dollars. What happened back then is another story.

On September 14, 2016 when I attended the Meeting of Creditors at the U.S. Bankruptcy Court in White Plains hosted by Greg Zipes, Attorney for the Office of the U.S. Trustee I met Mr. Bruce Abbott and Mr. Jonathan Pasternak. They represented the Debtor in Possession. Just as the session was about to begin I asked Mr. Pasternak for his business card and then asked him if Judge Anthony Scarpino was a Partner of his law firm, DDW. After a rather long pause, Mr. Pasternak confirmed that Judge Anthony Scarpino was indeed a Partner at Delbellow, Donellan Weingarten (DDW).

This matter, regarding his firm's association with Judge Scarpino, was not disclosed by Jonathan Pasternak in his Affidavit before the Bankruptcy Court or in his "Application to Employ and Retain".

I believe the firm of Delbello Donnellan Weingarten should be disqualified in representing the Debtor. In the section of Mr. Pasternak's Affidavit entitled "Disinterestedness", he states: "To the best of my knowledge, the law firm of DDW is a disinterested person . . . in that its members and associates . . . do not have an interest materially adverse to the interest of the estate, or any class of creditors or equity security holders by reason of any direct or indirect relationship to, connection with, or interest in the Debtor, or for any other reason."

Judge Scarpino played an active role in many matters related to the assets of the Estate of Sidney Lifschultz. Without getting into the controversies that still plague the Estate of Sidney Lifschultz I will simply say that I do not agree with the statement above that DDW is a "disinterested person".

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There is clearly an open "conflict of interest" present here and it is a matter concern that Judge Scarpino having been a partner of DDW was not disclosed either in Mr. Pasternak's Affidavit or the "Order Authorizing and Approving Retention".

III.

Finally, to the matter of Bruce Abbott's "Affidavit Relating to Payment of Third Party Retainer", Mr. Abbott describes how he has arranged to pay the legal fees for DDW from an entity called Lifschultz Enterprises Co. LLC "Enterprises". Mr. Abbott notes that he is a Member of "Enterprises".

I am also a Member of "Enterprises". Other members of the Lifschultz Family have an interest in Enterprises. A number of us have objected to how this entity has been used as a "conduit" for raising funds from investors for funding a company called Genoil Inc. (www.genoil.ca). Mr. Abbott is President of Genoil Inc.

In the view of several Lifschultz Family members Lifschultz Enterprises has been improperly used to raise capital and to issue shares in Genoil without the knowledge of Canadian security regulators, Canadian tax authorities, the SEC or the IRS. Mr. Abbott is now planning to use Genoil investor funds to pay his attorneys, DDW, in this Bankruptcy case.

The use of Lifschultz Enterprises as an illegal "conduit" is currently the subject of a Canadian lawsuit by Genoil Investors against the management of Genoil Inc which includes Bruce Abbott, President, and David Lifschultz, Chairman.

Furthermore, Lifschultz Enterprises was also a participant in a six-month loan for approximately a million US dollars from a consortium of Lifschultz Family entities to Genoil Inc. The loan was signed in October 2016. It remains an open issue in current proceedings before the Westchester Surrogate's Court. This matter is also a key issues in the Genoil Investors "Oppression" suit currently underway in a Toronto Court.

In Section #6 of his Affidavit Bruce Abbott states, "I do not have any adverse interest against the estate of the Debtor herein, or with any creditor or any other party of interest."

As a Member of Lifschultz Enterprises and a Creditor in this proceeding, I formally object to the use of funds from Enterprises to pay the attorneys of the Debtor. I have spoken with other members of our family who have an interest in Lifschultz Enterprises who are shocked that the assets of Enterprises are being used in this manner.

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We have been trying to recover funds from the \$1 million dollar Lifschultz-Genoil loan for ten years and now discover assets are being used to pay attorneys in a self-dealing transaction structured to benefit David Lifschultz and Bruce Abbott.

As a Member of Lifschultz Enterprises I formally object to the use of these funds in this matter. This payment had to be authorized by the sole Managing Member of Lifschultz Enterprises, David Lifschultz. He is also a 50% shareholder in the Debtor, Lifschultz Estate Management LLC.

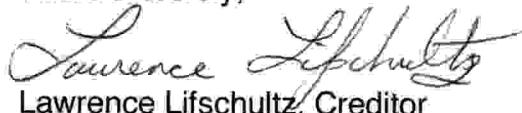
Almost every dollar currently held in the Lifschultz Enterprises bank account has been deposited by Genoil Investors based on the promise of stock in the company. These deposits are a matter of interest to Canadian and American tax authorities. They are also of interest to Ontario and Alberta Securities Commissions and the SEC.

David Lifschultz and Bruce Abbott have used various Lifschultz Entities as their private piggy banks. In March 2011, David Lifschultz was removed by the family in a shareholder vote as President of Lifschultz Terminal & Leasing Company due to similar practices. The one entity we have not been able to close down yet has been Lifschultz Enterprises.

It is my understanding that Bruce Abbott has no authority on his own to authorize funds to be spent from Lifschultz Enterprises for the payment of fees to DDW. Expenditures must be authorized by David Lifschultz as the sole Managing Member of Lifschultz Enterprises. Bruce Abbott claims in his Affidavit that he has no "adverse interest . . .with any creditor or any party of interest." This is not correct. I object to any funds being used from Lifschultz Enterprises for this purpose. It is adverse to my interest as a Member of Lifschultz Enterprises.

Other members of the Lifschultz family with an interest in Enterprises are also prepared to declare that they consider the use of Lifschultz Enterprises' funds for the purpose of retaining DDW in this proceeding to be adverse to their interest.

Yours sincerely,



Lawrence Lifschultz, Creditor

cc: Greg Zipes, Attorney
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